

SERFF Tracking Number: ARKS-125581119 State: Arkansas
Filing Company: 00006 - INSURANCE SERVICES OFFICE, INC. State Tracking Number: #104794 \$50
Company Tracking Number: BP 2008-RTOAP
TOI: 05.0 Commercial Multi-Peril - Liability & Non- Sub-TOI: 05.0002 Businessowners
Liability
Product Name: Businessowners
Project Name/Number: /

Filing at a Glance

Company: 00006 - INSURANCE SERVICES OFFICE, INC.

Product Name: Businessowners SERFF Tr Num: ARKS-125581119 State: Arkansas
TOI: 05.0 Commercial Multi-Peril - Liability & Non-Liability SERFF Status: Closed State Tr Num: #104794 \$50

Sub-TOI: 05.0002 Businessowners Co Tr Num: BP 2008-RTOAP State Status: Fees verified and received
Filing Type: Rule Co Status: Reviewer(s): Betty Montesi, Llyweyia Rawlins, Brittany Yielding
Author: Disposition Date: 04/03/2008
Date Submitted: 03/26/2008 Disposition Status: Filed
Effective Date Requested (New): 08/01/2008 Effective Date (New): 08/01/2008
Effective Date Requested (Renewal): 08/01/2008 Effective Date (Renewal): 08/01/2008

State Filing Description:

General Information

Project Name: Status of Filing in Domicile: Pending
Project Number: Domicile Status Comments:
Reference Organization: Not Applicable Reference Number:
Reference Title: Not Applicable Advisory Org. Circular:
Filing Status Changed: 04/03/2008
State Status Changed: 04/03/2008 Deemer Date:
Corresponding Filing Tracking Number:
Filing Description:

Company and Contact

Filing Contact Information

SERFF Tracking Number: ARKS-125581119 State: Arkansas
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NA NA, NA@NA.com
NA (123) 555-4567 [Phone]
NA, AR 00000

Filing Company Information

00006 - INSURANCE SERVICES OFFICE, INC. CoCode: 6 State of Domicile: Arkansas
No Address Group Code: Company Type:
City, AR 99999 Group Name: State ID Number:
(999) 999-9999 ext. [Phone] FEIN Number: 99-9999999

SERFF Tracking Number:	ARKS-125581119	State:	Arkansas	
Filing Company:	00006 - INSURANCE SERVICES OFFICE, INC.		State Tracking Number:	#104794 \$50
Company Tracking Number:	BP 2008-RTOAP			
TOI:	05.0 Commercial Multi-Peril - Liability & Non-		Sub-TOI:	05.0002 Businessowners
	Liability			
Product Name:	Businessowners			
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Filing Fees

Fee Required?	No
Retaliatory?	No
Fee Explanation:	
Per Company:	No

SERFF Tracking Number:	ARKS-125581119	State:	Arkansas	
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	Liability			
Product Name:	Businessowners			
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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Llyweyia Rawlins	04/03/2008	04/03/2008

SERFF Tracking Number:	ARKS-125581119	State:	Arkansas	
Filing Company:	00006 - INSURANCE SERVICES OFFICE, INC.		State Tracking Number:	#104794 \$50
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TOI:	05.0 Commercial Multi-Peril - Liability & Non-		Sub-TOI:	05.0002 Businessowners
	Liability			
Product Name:	Businessowners			
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Disposition

Disposition Date: 04/03/2008
Effective Date (New): 08/01/2008
Effective Date (Renewal): 08/01/2008
Status: Filed
Comment:

Rate data does NOT apply to filing.

SERFF Tracking Number: ARKS-125581119 State: Arkansas
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Item Type	Item Name	Item Status	Public Access
Supporting Document	ARKS-125581119		Yes

SERFF Tracking Number:	ARKS-125581119	State:	Arkansas	
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	Liability			
Product Name:	Businessowners			
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Rate Information

Rate data does NOT apply to filing.

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Filing Company:	00006 - INSURANCE SERVICES OFFICE, INC.		State Tracking Number:	#104794 \$50
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	Liability			
Product Name:	Businessowners			
Project Name/Number:	/			

Supporting Document Schedules

		Review Status:
Satisfied -Name:	ARKS-125581119	04/03/2008
Comments:		
Attachment:		
ARKS-125581119.pdf		

CH#104794

\$50

ARHS-125581119

CR



2828 E. TRINITY MILLS ROAD SUITE 150 CARROLLTON, TX 75006
TEL: (214) 390-1825 FAX: (214) 390-1975

Kenneth J. Hill, CPCU
Regional Director, Government Relations

March 21, 2008

Honorable Julie Benafield Bowman
Commissioner of Insurance
Arkansas Insurance Department
1200 West Third Street
Little Rock, Arkansas 72201-1904

Attention: William R. Lacy, Director
Property and Casualty Division

RE: Insurance Services Office, Inc.
BP 2008-RTOAP
Businessowners
Manual Rules Revised in Response to Terrorism Risk
Insurance Program Reauthorization Act of 2007
REFERENCE FILING
State of Arkansas

RECEIVED

MAR 26 2008

**PROPERTY AND CASUALTY DIVISION
ARKANSAS INSURANCE DEPARTMENT**

Approved until withdrawn
or revoked

APR 03 2008

Arkansas Insurance Department
By: *LK-Filed*

Dear Mr. Lacy:

We hereby file the enclosed advisory reference document.

ISO does not establish an effective date for Businessowners rules revisions in Arkansas. Each insurer that elects to utilize this revision is responsible for determining its own effective date and complying with any applicable regulatory requirements. We will distribute this material to our participating insurers and update our electronic deliveries under cover of a Notice bearing a date of August 2008, or the earliest possible subsequent date following your acknowledgement.

Companion forms filing BP 2008-OTOAP is also submitted today under separate cover.

Please return an acknowledged copy of this cover letter for our records. An addressed, stamped envelope is enclosed for your convenience. We have also included an additional copy of this letter and envelope; we request that you return it now with a "received" stamp to confirm that you have received the filing.

Very truly yours,

Donald J. Beckel, CPCU, ARM
Assistant Regional Manager
Government Relations

DJB:dlb
Encl.

Property & Casualty Transmittal Document

1. Reserved for Insurance Dept. Use Only Approved until withdrawn or revoked APR 03 2008 Arkansas Insurance Department By: <i>RL - Filed</i>	2. Insurance Department Use only	
	a. Date the filing is received:	
	b. Analyst:	
	c. Disposition:	
	d. Date of disposition of the filing:	
	e. Effective date of filing:	
	New Business	
	Renewal Business	
	f. State Filing #:	
	g. SERFF Filing #:	
h. Subject Codes		

3. Group Name	Group NAIC #

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #
Insurance Services Office, Inc.	DE		13-3131412	

RECEIVED

MAR 26 2008

PROPERTY AND CASUALTY DIVISION
ARKANSAS INSURANCE DEPARTMENT

5. Company Tracking Number	BP-2008-RTOAP
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Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6. Name and address	Title	Telephone #s	FAX #	e-mail
Donald J. Beckel Insurance Services Office, Inc. 2828 E. Trinity Mills Rd., Ste. 150 Carrollton, TX 75006	Asst. Regional Manager	(214) 390-1825 Ext. 224	(214) 390-1975	DBECKEL@iso.com
7. Signature of authorized filer		<i>Donald J. Beckel</i>		
8. Please print name of authorized filer		Donald J. Beckel		

Filing information (see General Instructions for descriptions of these fields)

9. Type of Insurance (TOI)	05.0
10. Sub-Type of Insurance (Sub-TOI)	05.0002
11. State Specific Product code(s) (if applicable) [See State Specific Requirements]	Not Applicable
12. Company Program Title (Marketing title)	Businessowners
13. Filing Type	<input type="checkbox"/> Rate/Loss Cost <input checked="" type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
14. Effective Date(s) Requested	New: 08/01/2008 Renewal: 08/01/2008
15. Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
16. Reference Organization (if applicable)	Not Applicable
17. Reference Organization # & Title	Not Applicable
18. Company's Date of Filing	3/21/08
19. Status of filing in domicile	<input type="checkbox"/> Not Filed <input checked="" type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

Property & Casualty Transmittal Document---

20.	This filing transmittal is part of Company Tracking #	BP-2008-RTOAP
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21.	Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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This filing revises certain terrorism rules in response to enactment of the Terrorism Risk Insurance Program Reauthorization Act of 2007.

22.	Filing Fees (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]
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Check #: 104794
Amount: \$50.00

Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.

***Refer to each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)

RATE/RULE FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #	BP-2008-RTOAP
2.	This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	BP-2008-OTOAP

☐ Rate Increase

☐ Rate Decrease

☒ Rate Neutral (0%)

3.	Filing Method (Prior Approval, File & Use, Flex Band, etc.)	File and use					
4a.	Rate Change by Company (As Proposed)						
Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)
Insurance Services Office, Inc.			N/A	N/A	N/A		
4b.	Rate Change by Company (As Accepted) For State Use Only						
Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change	Minimum % Change

5. Overall Rate Information (Complete for Multiple Company Filings only)

		COMPANY USE	STATE USE
5a.	Overall percentage rate indication (when applicable)	N/A	
5b.	Overall percentage rate impact for this filing	N/A	
5c.	Effect of Rate Filing – Written premium change for this program	N/A	
5d.	Effect of Rate Filing – Number of policyholders affected	N/A	

6.	Overall percentage of last rate revision	N/A
7.	Effective Date of last rate revision	N/A
8.	Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.)	File and use

9.	Rule # or Page # Submitted for Review	Replacement or Withdrawn?	Previous state filing number, if required by state
01	Terrorism Supplement	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
02		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
03		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	

Rules Revised In Response To Terrorism Risk Insurance Program Reauthorization Act Of 2007

About This Filing

This filing revises certain terrorism rules in response to enactment of the Terrorism Risk Insurance Program Reauthorization Act of 2007.

Revised Rules

We are revising the Terrorism Rule, Section **B**. Coverage Options, in the Businessowners Section of the Commercial Lines Manual Terrorism Supplement.

We have used a format of ~~striking through~~ deletions, underlining additions and inserting a revision bar in the left margin to indicate changes from the current versions to the new versions. Concurrent with implementation, the new versions will supersede the prior versions.

Related Filing(s)

Forms Filing BP-2008-OTOAP

Background

The Terrorism Risk Insurance Act (TRIA) of 2002 established a program (Terrorism Risk Insurance Program) within the Department of the Treasury, under which the federal government shares, with the insurance industry, the risk of loss from future terrorist attacks. Pursuant to Section 103(c) of the Act, all insurers providing insurance for applicable lines of business are required to participate in the program by making available coverage for insured losses resulting from an act of terrorism as defined by the Act (so-called certified acts coverage). The Terrorism Risk Insurance Program was extended for two years, until December 31, 2007, by the Terrorism Risk Insurance Extension Act of 2005, which incorporated various changes with respect to federal share of losses and affected lines of business. We responded in the past to each of these

enactments, with filings of various coverage options and related rules addressing the terrorism risk.

Current Environment

The federal Terrorism Risk Insurance Program has been revised and extended by the Terrorism Risk Insurance Program Reauthorization Act of 2007, which incorporates various changes to the Program. Certain changes, summarized as follows, have an impact on ISO terrorism forms (addressed in the companion Forms filing) and the rules associated with those forms:

- ◆ Under Section 102(1)(A)(iv) of the Act, the definition of an act of terrorism (with respect to certification of such act) is revised by eliminating the criterion that the act be committed on behalf of a foreign person or foreign interest. As revised, the definition, in part, requires the act to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.
- ◆ Section 103(b)(3) of the Act requires disclosure of the existence of the \$100 billion cap on payments by insurers.
- ◆ Section 103(e)(2)(A) of the Act eliminates the provision asserting that Congress may take action to increase the \$100 billion cap in the event that insured losses exceed such cap; and Section 103(e)(2)(B) requires the Secretary of the Treasury to issue regulations for determining the pro rata share of insured losses to be paid under the Program (up to \$100 billion) when insured losses exceed \$100 billion.

With the revision to the definition of an act of terrorism (with respect to certification of such act), there is no longer a requirement that the act of terrorism be committed on behalf of a foreign person or foreign interest. However, in order for an act of terrorism to be certified under the Program, the act must be committed within the jurisdictional boundaries of the Program. Acts of terrorism that are committed outside the jurisdictional boundaries of the Program would not be eligible for certification under the Program and thus would not be subject to federal participation in losses. Prior to the enactment of the Reauthorization Act of 2007, the ISO "other acts of terrorism" endorsements were available to address acts of terrorism that were not certified acts of terrorism, including those acts committed outside the United States.

In forms filing BP-2008-OTOAP, we revised endorsements BP 05 38 and BP 05 41 to provide underwriters with a tool to exclude acts of terrorism committed outside the jurisdictional boundary of the federal program for risks which have international exposures. Such acts do not meet the criteria of a

certified act of terrorism under the federal program and thus would not be subject to federal participation in losses.

Explanation of Changes

The Businessowners Terrorism Rule, Section **B. Coverage Options** has been revised to reference and instruct on the usage of endorsements BP 05 38 and BP 05 41.

In addition, Paragraph **B.1.d.** states that to also exclude punitive damages arising out of a certified act of terrorism when endorsement BP 05 24, BP 05 26 or BP 05 27 is attached to a policy, use Arkansas - Exclusion Of Punitive Damages Related To A Certified Act Of Terrorism Endorsement BP 05 43. Paragraph **B.1.a.** also makes reference on the usage of BP 05 43 when BP 05 23 is attached to the policy. We are removing the reference to BP 05 43 in Paragraph **B.1.a.** and revising **B.1.d.** to address all the endorsements with which BP 05 43 may be used, including newly revised endorsement BP 05 38.

Lastly, we are removing reference to endorsement BP 05 24 in Paragraph **B.1.d.** since this endorsement contains a total certified acts exclusion under the section addressing liability, thereby making it unnecessary to further exclude punitive damages.

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Terrorism Supplement – Excerpt of Rule

B. Coverage Options

1. THE FOLLOWING PARAGRAPHS IN THIS SECTION, B.1., INSTRUCT ON THE USAGE OF TERRORISM ENDORSEMENT OPTIONS THAT MAY BE ATTACHED TO POLICIES THAT BECOME EFFECTIVE WHILE THE TERRORISM RISK INSURANCE PROGRAM IS IN EFFECT. REFER TO PARAGRAPH 2. OF THIS RULE FOR ADDITIONAL INSTRUCTIONS REGARDING THOSE POLICIES THAT WILL CONTINUE PAST THE ANTICIPATED TERMINATION OF THE TERRORISM RISK INSURANCE PROGRAM. POLICIES THAT BEGIN IN THE LAST PROGRAM YEAR OF THE FEDERAL PROGRAM MAY REQUIRE THE USE OF TWO ENDORSEMENTS DUE TO THE ANTICIPATED MID-TERM TERMINATION OF THE TERRORISM RISK INSURANCE PROGRAM.

- a. When coverage for certified acts of terrorism is provided, use Cap On Losses From Certified Acts Of Terrorism Endorsement **BP 05 23**. Coverage for certified acts of terrorism is subject to the statutory cap on liability for losses and subject to the nuclear hazard exclusion and all other underlying policy exclusions. Coverage for acts of terrorism that are not certified (for example, acts which do not exceed the dollar threshold for federal certification or acts which occur outside the jurisdictional boundary of the federal program) is not subject to the statutory cap.

~~To also exclude punitive damages arising out of a certified act of terrorism, use Arkansas – Exclusion Of Punitive Damages Related To A Certified Act Of Terrorism Endorsement **BP 05 43**.~~

- b. To provide coverage for acts of terrorism (subject to the cap on liability for losses for certified acts of terrorism and subject to underlying policy provisions), **except** those acts committed outside of the jurisdictional boundaries of the federal program, use Exclusion Of Other Acts Of Terrorism Committed Outside The United States; Cap On Losses From Certified Acts Of Terrorism Endorsement **BP 05 38**. The exclusion for acts of terrorism committed outside the United States is subject to a \$25 million threshold (valued in US dollars) for events other than nuclear, biological, chemical or radiological events. For nuclear, biological, chemical or radiological events, no dollar threshold applies.

- ~~b.c.~~ When coverage for certified acts of terrorism is not provided (or is provided with a specific limitation), the following options are available:

- (1) Exclude coverage for certified acts of terrorism by using Exclusion Of Certified Acts Of Terrorism Endorsement **BP 05 24**. The exclusion does not extend to acts of terrorism that are not certified (for example, acts which do not exceed the dollar threshold for federal certification or acts which occur outside the jurisdictional boundary of the federal program).

- (2) To exclude all losses arising out of certified acts of terrorism and acts of terrorism committed outside the jurisdictional boundaries of the federal program, use Exclusion Of Certified Acts Of Terrorism And Exclusion Of Other Acts Of Terrorism Committed Outside The United States Endorsement **BP 05 41**. The exclusion for acts of terrorism committed outside the United States is subject to a \$25 million threshold (valued in US dollars) for events other than nuclear, biological, chemical or radiological events. For nuclear, biological, chemical or radiological events committed outside the United States, no dollar threshold applies.

- ~~(2)(3)~~ (3) Exclude coverage for certified acts of terrorism only when such acts qualify as a nuclear, biological, chemical or radiological terrorism event, and cover other acts of terrorism subject to underlying policy exclusions. Use Exclusion Of Certified Acts Of Terrorism Involving Nuclear, Biological, Chemical Or Radiological Terrorism; Cap On Covered Certified Acts Losses Endorsement **BP 05 26**. Coverage for certified acts of terrorism under this endorsement is subject to the statutory cap on liability for losses provided by the Act. **This option may be offered to the insured, at the insurer's option, only when the insured initially rejects certified acts coverage.**

- ~~(3)(4)~~ (4) Limit coverage for certified acts of terrorism by writing coverage:

- (a) Under Section I – Property at a sub-limit (lower limit than the limit that applies to other perils). The sub-limit applies on an annual aggregate basis. Coverage for acts of terrorism that are not certified (for example, acts which do not exceed the dollar threshold for federal certification or acts which occur outside the jurisdictional boundary of the federal Program) remains subject to full underlying limits; and
- (b) Under Section II – Liability subject to a certified acts of terrorism aggregate limit. Coverage for other acts of terrorism remains subject to full underlying limits.

Use Limitations Of Coverage For Certified Acts Of Terrorism Endorsement **BP 05 27**. **This option may be offered to the insured, at the insurer's option, only when the insured initially rejects certified acts coverage.**

- c.d. To also exclude punitive damages arising out of a certified act of terrorism when endorsement **BP 05 24, BP 05 23, BP 05 26, or BP 05 27 or BP 05 38** is attached to a policy, use Arkansas – Exclusion Of Punitive Damages Related To A Certified Act Of Terrorism Endorsement **BP 05 43**.
- d.e. The exclusions and sub-limit addressed in Paragraph **b.** do not extend to fire following an act of terrorism, with respect to states which have a Standard Fire Policy (SFP) statute or similar statute prohibiting such exclusion or limitation. Under Endorsements **BP 05 24, BP 05 26 and BP 05 27**, use the Schedule to indicate applicability of the Exception Covering Certain Fire Losses. That Exception is contained in the aforementioned endorsements.
- e.f. The federal program does not include Canada, and therefore endorsements relating to certified acts of terrorism are not relevant to acts of terrorism occurring in Canada. The federal program in general encompasses losses that occur within the United States, with State defined in the Act to include U.S. territories and possessions and the commonwealth of Puerto Rico. The coverage territory as addressed in Businessowners Coverage Form **BP 00 03** is the United States, its territories and possessions, Puerto Rico and Canada. The foregoing is for information only; this Terrorism Supplement does not address policywriting outside the aforementioned coverage territory.